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MARRAKECH DECLARATION

Adopted at the Ninth Ministerial Meeting of the Group of 77 and China,
Held at Marrakech, Morocco, from 13 to 16 September 1999*

1. We, the Ministers of the Group of 77 and China, met in Marrakech, Kingdom of Morocco, on 14-16 September 1999, in preparation for the tenth session of the United Nations Conference on Trade and Development (UNCTAD X) to be held in Bangkok, Thailand, from 12 to 19 February 2000. We express our deep appreciation to the Government and people of Morocco for hosting our Ministerial Meeting.

2. We affirm our commitment to promoting the interests of the developing countries in the various international forums, of which UNCTAD X will be the first major multilateral economic event of the new millennium.

3. We reaffirm the role of UNCTAD as the principal forum of the United Nations for the integrated treatment of development and interrelated issues in the areas of trade, money and finance, investment, technology, commodities, competition and sustainable development. The significance of this role has increased in an era characterized by the complex relationship between globalization and development and by the inherent imbalances in the structure of the international systems governing development, trade and finance. The recent monetary and financial crises have shown how contagious

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they can be in countries and regions, with far-reaching negative effects on trade and econo growth. The differential reach and impact of globalization has generated economic asymmetries, b at the global and national levels, and poses new challenges to our development aspirations. Ma developing countries, particularly the LDCs and the structurally weak and vulnerable and sn economies, have faced difficulties in their efforts to integrate effectively into the world economy, have suffered the consequences of globalization.

4. We consider UNCTAD X, therefore, an occasion to review and reinvigorate internatio economic cooperation with a view to enhancing the development of developing countries and providing fresh orientations for a development paradigm consistent with the exigencies of the millennium. Globalization should be a powerful and dynamic force for strengthening cooperation accelerating growth and development. It presents opportunities, as well as risks and challeng Globalization is a process which can be uneven and unpredictable, but if it is properly harnessed managed, the foundations for enduring and equitable growth at the international and national lev can be laid. National efforts need to be complemented by intensified international cooperation in or to reverse the marginalization and manage the risks, overcome the challenges and seize opportunities created by globalization.

5. We call on the international community to consider a new approach to internatio development cooperation based on growth, stability and equity with the full participation integration of developing countries in the globalizing world economy. The success of our natio efforts requires supportive international frameworks, premised on a new development po consensus which incorporates lessons learned from recent experience. This new policy should at the creation of more equitable and effective international economic structures in finance, trade transfer of technology, as well as address the endemic problems of debt and transfer of resour financial vulnerability, declining terms of trade in primary commodities, and restricted access developed country markets. To this end, there is a need for greater coherence in global econo policy-making and more participatory decision-making. There is also a need for greater coordinat coherence and concerted action among international institutions to promote growth and developm in developing countries.

6. Solidarity in action is needed to eliminate poverty and to avoid the marginalization of a la part of the world's population, especially women and children and other vulnerable groups, and ensure equal opportunities for all. In this respect, it is necessary to implement fully and expeditio the agreed commitments and outcomes of the major United Nations conferences and summits of 1990s.

7. The smooth functioning of the international financial markets is a key factor for the exte financing of our countries. The influx of foreign capital stimulates economic activity and complem domestic investment. The Asian financial crisis has highlighted the deficiencies of the exis international system. These deficiencies require a vigorous international response aimed establishing a new international financial architecture. UNCTAD should contribute, in c consultation and cooperation with other competent entities, with proposals that guarantee the

participation of the developing countries. These proposals should include, among other aspects, reforms of the monitoring and regulation systems, improved response capabilities for dealing with the emergence and spread of financial crises, and should give the developing countries greater flexibility and autonomy in the management of capital flow policies. The discussions on the reform of the global financial architecture should place more emphasis on financing for development, in addition to greater financial stability. It is also important that these reforms should include greater participation by the developing countries in the decision-making processes of the international financial institutions, consistent with the growing weight of these countries in international trade and investment flows and the significant impact the reforms will have on them.

8. We express grave concern over the decline in levels of ODA to less than one-third of the internationally agreed target of 0.7 per cent of GNP of donor countries. The budget constraints of the countries of the Development Assistance Committee (DAC) can no longer be advanced as a reason for such a dramatic decline in ODA, as many developed countries have reduced budget deficits or enjoy unprecedented surpluses. This trend in ODA flows should be reversed as a matter or urgency. We reiterate that the agreed principle of non-conditionality should be followed when development assistance is provided.

9. The burden of external debt continues to be one of the main obstacles to the achievement of the social and economic development objectives of the developing countries. The heavy debt of the HIPCs, the majority of which are also LDCs, continues to be a cause for great concern. Current conditions make it necessary for a high percentage of the gross domestic product to be devoted to debt-service payment, with the consequent risks for social and political stability. UNCTAD should continue to study and propose strategies with a view to arriving at a lasting solution to the problem of the external debt of the developing countries, which also covers the elimination of the structural causes of indebtedness. These proposals should comprise various types of solution which take into account the payment capacity of each country.

10. We welcome the recent initiative on debt reduction undertaken in the context of the G-7 Cologne Summit, it needs to be implemented speedily, from additional resources, to give real hope to the world's poorest countries. However, the new initiative may prove to be insufficient to support globally agreed targets for poverty reduction by the year 2015. We express concern that relief is still attached to performance under the Enhanced Structural Adjustment Facility (ESAF). Such reform programmes should be designed and developed with a view to enhancing economic development and poverty reduction. The Cologne initiative should be flexibly interpreted by the international financial institutions to the full benefit of all debtors without discrimination, and appropriate resources should be devoted to reduce considerably the stock of debt and its servicing, while bearing in mind that debt relief measures should safeguard social, economic and political stability in developing countries. Furthermore, the debt problems of middle-income countries need to be addressed, through *inter alia* the expanded use of debt swaps and conversion and more generous refinancing terms.

11. We see the liberalization of international trade under WTO rules as a powerful and dynamic force for accelerating growth and development. We are strongly committed to persevering in the pursuit of liberal and open trade policies which integrate the development dimension. The challenge for the Third WTO Ministerial Conference is to make resolute progress along the path towards an open international trading system whose benefits are equitably distributed.

12. We note with great concern, however, that the benefits of the existing multilateral trading system continue to elude developing countries. Progress towards full liberalization in sectors of particular interest to them is lagging behind, and significant imbalances between rights and obligations exist in multilateral trade agreements (MTAs), as well as in conditions of market access. The persistence of these anomalies could erode the confidence of developing countries in the multilateral trading system and strengthen the hand of those who would wish to retreat into misguided protectionist policies and approaches.

13. We therefore attach utmost importance to addressing the issues and difficulties faced by developing countries that have arisen in the course of the implementation of the WTO MTAs. In this way developing countries can achieve a share in the growth of international trade commensurate with their economic development needs. The non-realization of benefits by many developing countries in areas of interest to them has resulted from the failure of major trading partners to fully and faithfully meet their obligations in these areas, particularly textiles and clothing. We therefore urge that the question of the implementation of Marrakech Agreements and Decisions be addressed and resolved at Seattle by the Third Ministerial Conference of the WTO.

14. In particular, the special and differential provisions in the WTO MTAs, many of a "best endeavour" nature, which have largely remained unimplemented, must be operationalized if the developing countries are to derive the expected benefits.

15. We believe that the negotiations provided for under the "Built-in Agenda" should be launched without delay responding to the priorities of developing countries.

- In agriculture, the objective should be to incorporate the sector within normal WTO rules, addressing the particular problems of predominantly agrarian and small island developing economies and net food-importing developing countries.

- Negotiations on trade in services should be carried out within the existing architecture of GATS and aim at the liberalization of sectors of special interest to developing countries and the movement of natural persons, while taking account of the impact of electronic commerce.

- The mandated reviews under the WTO MTAs ought to redress imbalances and to ensure that provisions in favour of developing countries are effectively implemented.

16. We call upon developed countries to demonstrate a firm and unequivocal commitment to opening their markets to the exports of developing countries, and to provide duty free and quota free access for the exports of the least developed countries. This should not affect WTO members' existing commitments relating to preferential schemes. Any future negotiations should address the elimination of tariff peaks and tariff escalation and should introduce further disciplines to prevent the abuse of measures such as antidumping, countervailing duties and safeguard actions, sanitary and phytosanitary regulations and technical barriers to trade, as well as to prevent the apparent revival of the use of voluntary export restraints. The work programme on the harmonization of non-preferential rules of origin should be achieved rapidly, to attain simplified, harmonized and more transparent rules.

17. We will collectively pursue a positive agenda for future multilateral trade negotiations which should also pay particular attention to such issues as transfer of technology, appropriate safeguards for developing countries, credit for autonomous liberalization, export finance, commodity markets and the integration of the developing countries into the multilateral trading system on equitable terms. These negotiations should make operational the provisions under the TRIPs Agreement relating to the transfer of technology, to the mutual advantage of producers and users of technological knowledge and seek mechanisms for a balanced protection of biological resources and disciplines to protect traditional knowledge; enable developing countries under the TRIMs Agreement and the Agreement on Subsidies and Countervailing Measures to use measures necessary to implement their policies for development and export diversification and upgrading.

18. The Singapore Ministerial Declaration confirmed that ILO is the competent body to set and deal with all issues relating to labour standards. We therefore firmly oppose any linkage between trade and labour standards. We are also against the use of environmental standards as a new form of protectionism. We believe that issues relating to such standards should be dealt with by the competent international organizations and not by the WTO.

19. We are convinced of the need for differential and more favourable treatment of developing countries. This includes assitance to developing countries to help overcome transitional costs and to allow time for achieving development goals and enhancing competitiveness. The concept of special and differential treatment should be reviewed and strengthened to take account of the changing realities of world trade and of globalized production, and must be accompanied by capacity-building, enhanced market access and measures taken by industrialized countries to encourage their enterprises and institutions to transfer technology and know-how and invest in developing countries.

20. Eliminating trade barriers will not be enough to accelerate the integration of developing countries into the multilateral trading system. We therefore call upon the international community to expand technical cooperation and capacity-building programmes, and to provide support for overcoming supply-side deficiencies and improving the trade infrastructure in developing countries, particularly the LDCs and small economies. There is a need to strengthen their export sectors and stimulate the positive contribution which the commodity sector can make to development through diversification. Implementation of activities within the integrated framework for trade-related technical assistance endorsed by the 1997 WTO high-level meeting on LDCs' trade development needs to be accelerated, and we call on our development partners to provide the necessary resources for this objective.

21. Further, we call on the international community to give serious consideration to the proposals adopted by the LDCs' Coordinating Workshop convened in South Africa in June 1999.

22. We note the importance for all countries of consistency between national trade policies and the multilateral trade agreements. In this regard, we express our concern at:

- the continuing use of coercive economic measures against developing countries, through, *inter alia*, unilateral economic and trade sanctions which are in contradiction with international law, in particular new attempts aimed at extraterritorial application of domestic law, which constitute a violation of the United Nations Charter and of WTO rules; and that

- the preferential trade access granted to some of our countries continues to be tied to conditions not related to trade. We believe that these harmful practices, which conflict with WTO rules, should be eliminated.

23. The universality of the World Trade Organization should be achieved as soon as possible in order to strengthen the multilateral trading system. We strongly believe that appropriate assistance should be made available to developing countries seeking accession. They should be offered terms that do neither exceed nor are unrelated to the commitments of developing country and LDC members of WTO. We urge that all WTO members refrain from placing excessive or onerous demands on applications from developing countries. Therefore, there is a need for a transparent, streamlined and accelerated accession process that is in keeping with WTO rules and disciplines.

24. We recognize the importance of regional and subregional integration. Such arrangements facilitate trade and investment flows, economies of scale, economic liberalization and the integration of their members into the system of international economic relations within a framework of open regionalism, enabling progress towards a more open multilateral system.

25. We attach importance to achieving greater complementarity in international economic policy making. The international institutions involved should pursue mutually supportive policies which would enable developing countries derive maximum benefit from the Multilateral Trade Agreements, while respecting the rights of developing countries enshrined in these Agreements.

26. The issue of commodities continues to occupy a priority place on the development agenda, inasmuch as the revenue from exports of these products continues to be of cardinal importance. UNCTAD needs to carry out analytical studies and provide technical cooperation to support our countries in the horizontal and vertical diversification of the goods we produce for export. There is a need to strengthen the export sector and stimulate the positive contribution which the commodity sector can make to development, and the international community is urged to further support the Common Fund for Commodities, including fulfilment of the pledges for contributions.

27. Recognizing the important contribution of foreign direct investment to our growth and development, and the modernization of our production processes, we welcome investment in productive activities in our economies, both to create jobs and share skills, technology and know-how with our peoples, and to do business and form partnerships with our enterprises so that all enterprises can be globally competitive. We call on major home countries to expand their guarantee facilities for

investment in especially LDCs, and we urge the Multilateral Investment Guarantee Agency (MIGA) to provide preferential premiums for investors from developing countries that have no guarantee systems of their own. Further study of issues related to the development dimensions of international investment agreements is needed. We encourage the development of viable and internationally competitive enterprises in developing countries and we will continue to support cooperative arrangements for enterprise networking across regions and subregions. UNCTAD, in its activities on small and medium-sized enterprises, should in cooperation with other relevant organizations assist developing countries in their efforts to develop women entrepreneurship.

28. We reiterate the importance of expanding the opportunities and channels for transfer of technology and know-how to developing countries. There is a need to analyse the impact of existing multilateral trade agreements on access to technology. There is also a need to implement commitments, embodied in existing international agreements, related to technology transfers to developing countries. We believe that the transfer of technology should not be restricted on an arbitrary or discriminatory basis, especially to developing countries. Rather, the international community should establish principles and guidelines for the sharing of knowledge and technology for development.

29. The information revolution is transforming the conduct of business. The capacities of developing countries to participate effectively in electronic commerce need to be strengthened. There is also need for analysis of the implications of electronic commerce on trade and development prospects for developing countries. The fiscal, legal and regulatory aspects of electronic commerce should be analysed.

30. We welcome the fact that some developing countries are acquiring new potential by becoming important foreign investors and actors in international trade. Thus, there are greater possibilities for Economic Cooperation between Developing Countries (ECDC) to increase investment and mutual trade, as well as close industrial and technological cooperation. ECDC at the regional, subregional and interregional levels is important for linking our economies into viable economic spaces necessary for stimulating dynamic trade and investment growth. We welcome the successful conclusion of the second round of negotiations on the Global System of Trade Preferences among Developing Countries (GSTP) and invite participant countries to join efforts in deepening, speeding up and expanding the GSTP to enhance its impact and to examine possible ways of rationalizing the process of negotiations for a third round.

31. The South Summit of the year 2000 (in Havana) should be an important landmark towards enhancing North-South cooperation and ECDC and make recommendations to meet the challenges of the new millenium.

32. The capacities of UNCTAD should be brought to bear in defining a new development paradigm based on sustained economic growth and sustainable development and providing orientations for development strategies and policies of the future. In this regard, we propose that UNCTAD devote the high-level segment of the sessions of the Trade and Development Board to debate on new strategies for development. UNCTAD should be provided with the necessary resources to become the driving-force behind the new consensus for development.

33. UNCTAD has a vital role to play in shedding light on emerging trends and shaping policies in the areas of trade, competition, investment, technology, electronic commerce, environment and finance for development, and on such issues as providing greater market access, easing the debt burden, and promoting financial flows, FDI, technology and capacity-building for human resources. UNCTAD should continue to provide assistance to developing countries in the analysis of international trade issues and in the formulation of their positive agenda for future deliberations and negotiations in the WTO. UNCTAD should also provide analytical inputs on international economic and trade issues so as to facilitate the effective participation of developing countries in multilateral discussions and negotiations. UNCTAD's development perspective is particularly appropriate for building consensus and developing appropriate guidelines and principles on emerging economic issues.

34. In this context, UNCTAD's work should contribute to the identification and application of special measures to deal with the situations of developing countries, among which are the least developed, landlocked and transit countries and small developing island States, and structurally weak, vulnerable and small economies.

35. UNCTAD's technical cooperation activities are an essential complement to its analytical and policy work, providing practical and direct benefits to recipient countries and also serving as a conduit for the assimilation of development experiences at the country and regional levels into more coherent and development-friendly policy approaches at the international level. Technical cooperation activities, encompassing policy advice, training and capacity-building programmes, should be demand-driven and emanate from the core competencies of UNCTAD. We are appreciative of the extrabudgetary contributions of donor countries and urge their continuing support, including for the Trust Fund for LDCs. Also, additional funds should be made available for technical assistance in order to continue financing the participation of national experts of developing countries in the expert meetings, taking into account the special needs of LDCs.

36. We look forward to an elaboration of the different possible modalities for the establishment, within UNCTAD, of a centre with teaching and support capability for the developing countries, as proposed in the Plan of Action.

37. We reiterate our firm commitment, in accordance with the United Nations Charter and the principles of international law, to the promotion of international peace and security, the elimination of foreign occupation and the economic prosperity of all nations. We express our readiness to cooperate with others in achieving these objectives, which would ensure a better world for present and future generations.

38. These are challenging times, especially for the developing countries. Yet there are also opportunities for building the foundations of a more equitable and dynamic system of international economic relations. Working in concert with our development partners in a constructive dialogue at UNCTAD X, we can and we will seize these opportunities to make progress towards a world of prosperity and equity of all peoples.

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